

18 March 1977

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File 04 M

MEMORANDUM FOR: Deputy Director of Intelligence
Deputy Director of Operations
Deputy Director of Administration
Deputy Director of Science and Technology
Office of Legislative Counsel
Director of Security

[REDACTED] Asst. to DDCI

FROM: Anthony A. Lapham
General Counsel

SUBJECT: PRM/NSC-11 Subcommittee

1. The first agenda item of the PRM/NSC-11 Subcommittee that is operating under the direction of the Attorney General is to consider proposed legislation relating to the unauthorized disclosure of national security information.

2. The main features of this bill as we see them include:

- A. Language which restricts the criminal act to the disclosure of classified information as defined by Executive Order 11652 and implementing directives promulgated pursuant thereto--(a) and (b)(1).
- B. Language which requires that the disclosure be to an unauthorized recipient yet permits unrestricted communication between identified classes of individuals authorized to possess, control or receive classified information--(a) and (b)(2).
- C. A provision making it a defense that the information was previously placed in the public domain, either officially or unofficially--(c)(3);
- D. A provision which eliminates as a criminal act disclosure of classified information to a member of Congress or to a court of the United States--(c)(2);
- E. A provision which conditions prosecution on the availability of administrative review of the classification either internally or under the Administrative Procedures Act--(c)(1);
- F. A provision which provides that in certain cases (the failure of the individual to seek review of the classification) the lawfulness of the classification shall not be an element of the offense--(e).

3. Several of these provisions are similar, though broader, than provisions which were incorporated in the Administration's sources and methods legislation introduced in H.R. 12006. The items mentioned in paragraphs A, B and F are new.

4. The Agency is required to submit its comments at the next Subcommittee meeting scheduled at 2 p.m. on 18 March 1977. I recognize that it will be impossible for you to adequately examine this legislation in the time provided. Accordingly, I will not represent my comments to be a coordinated-agency position on this matter. However, I would appreciate the communication of any first impressions you may have regarding the Department of Justice bill or general comments relating to criminal sanctions for the unauthorized disclosure of classified information. These comments may be telephonically communicated to [REDACTED]

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[REDACTED]
Anthony A. Lapham

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Attached is a copy of the final paper which Mr. Knoche forwarded to the DCI.			
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James H. Taylor, Sec., EAG			4/26/77
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CENTRAL INTELLIGENCE AGENCY

4/22/77

DCI

A week or 10 days ago, we agreed I would assemble some CIA views concerning PRM II and organizational intelligence matters.

This paper is the result of a collective look at some issues and alternatives. It is no single person's view but it represents an institutional, Agency view.

STATINTL I have sent a copy to

[redacted] When you've read it over, you may want to meet with the collective CIA group that put it together.

STATINTL [redacted]

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CIA VIEWS ON THE FUTURE MANAGEMENT OF THE INTELLIGENCE COMMUNITY

22 April 1977

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CIA VIEWS ON THE FUTURE MANAGEMENT OF THE INTELLIGENCE COMMUNITY

TO : Director of Central Intelligence

FROM: Deputy Director of Central Intelligence

It seems evident to us that your role as DCI and the way in which the Intelligence Community is managed are going to be altered, to some extent, either by legislation or Executive Order. In the debate over past problems and the discussion of new "guiding" principles that are being advocated by the diverse interest groups involved in this process, there is a real danger that too much attention may be diverted from the basic issue. As one of the involved organizational interest groups that will be, perhaps, dramatically affected by organizational changes, and because we were here and were a part of the process that has shaped the DCI's role, we wanted to present the problems and issues as we understand them. We have not examined all possible options, nor do we intend this paper to be considered as an alternative to the PRM-11 study. Our insights and analysis are based upon our collective experience modified and sharpened by the clarity hindsight always provides.

Summary

In any discussion of the future management of the Intelligence Community, the role of the DCI emerges as the central issue. Does his authority allow him to carry out his job as the head of the Intelligence Community in general and of the CIA in particular? In our paper we have tried to define the DCI's responsibilities and to balance them against his enabling authorities. We found that there is a serious imbalance in the DCI's ability to manage the resources of the major components of the National Foreign Intelligence Program. While the DCI's responsibilities are clear, it is just as apparent that he cannot be expected to improve significantly the intelligence product by matching resources against national

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intelligence requirements unless he has line command as well as budgetary authority over CCP, NRP and CIAP. Nor can he ensure that intelligence activities of the Community are compatible with the Constitution and Presidential policy guidance without real authority over the Community. The process of logic, the experience of the past several years, the evolutionary trend toward centralization in the Community, and the demands of a changing world for improved and more responsive intelligence production capability have led us to this conclusion.

Basic Options and Recommendations

In the planning for the reorganization of the Intelligence Community there is only one non-negotiable principle. The United States must continue to have at least as effective an intelligence capability as it has now. In our view there are two basic motivations which should underlie proposals for basic change in the Intelligence Community--a desire to improve the quality of the intelligence product and to provide more efficient management. We and the Senate Select Committee place more weight on the former; OMB and the House Appropriations Committee will probably focus on the latter; the President wants and the country deserves both. For us, at least, the key question is: How do we get better intelligence? Under any reorganization, the head of U.S. Intelligence can only carry out his responsibility to protect and enhance the national security if he is given sufficient and appropriate authority. He must be effectively supported by an all-source production unit, an overseas oriented clandestine collection capability with viable cover, innovative technical collection capabilities in the SIGINT and reconnaissance areas, and such other support units as may be required.

With PRM 11, the question of whether to give to the DCI somewhat more authority, a lot more authority, or perhaps to abandon the effort to weld the various intelligence components into an effective community is once again the subject of heated debate. In the last analysis, there are only three fundamental options, though there are many detailed variations on these themes, and all focus on the central issue in the current debate, your responsibilities and authorities.

Should the DCI's responsibilities be reduced to those he can handle under his present authorities? This option would presumably be based on a frank assessment that there is really no way to give the DCI an effective role in the management of the Intelligence Community, save that which he now has in the production world by virtue of the 1947 Act, and thus that the sensible approach would be to return to the basic arrangements which applied before the creation

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of a serious effort to give the DCI budgetary control within the Intelligence Community. It would however be a step backwards for those who regard effective central management of American intelligence as important. Pursuing this approach would be an admission that the Executive Branch cannot solve what many in the Community and in the Congress consider an important management problem. We would in fact be acknowledging that only the Congress can cope with the managerial and budgetary issues which arise between components within the Intelligence Community.

What would happen if the DCI's statutory authority over the Intelligence Community budget or some significant part of it was increased? Giving to the DCI real budgetary authority (in contrast to what is now essentially a staff role with respect to preparation of the Intelligence Community budget for the President) would greatly increase his leverage and hence his ability to shape the Intelligence Community. There is, however, a basic problem: Giving the DCI statutory responsibility over budgetary matters outside CIA without also giving him line management authority would mean that the Director of NSA, the Director of the NRO, and possibly the directors of certain other components of the Community (perhaps including CIA) would have two bosses: one to whom they responded on general management and policy issues, and one to whom they responded on issues having to do with the budget. Such an arrangement would be awkward, to say the least--both for program managers and for the DCI of the future.

Would an increase in the DCI's statutory budgetary authority and his line management authority over major parts of the Intelligence Community be a wise choice? This is the classical solution for every similar management problem: Make one man responsible for the management of the whole enterprise and hold him accountable for doing a good job. From the DCI's perspective, the most important parts of the Intelligence Community not under his operational control are the Consolidated Cryptologic Program (CCP) and the National Reconnaissance Program (NRP). Removing the CCP and the NRP from the Department of Defense may not be politically feasible. It is, however, workable if approached with a spirit of trust, cooperation, and institutional responsiveness to military requirements, and it could provide unified command over all national intelligence activities and ensure increased efficiency and coordination of national intelligence programs.

We believe it is line management authority over important elements of the Intelligence Community which the DCI needs to do the job which many expect him to do. But let us take you through the reasoning that led us in CIA to recommend this choice instead of a more evolutionary approach.

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The DCI and How He Got There

CIA was established by the National Security Act of 1947. For approximately the first 20 years of its existence the DCI functioned effectively as the head of the CIA. Few within the Executive Branch or in the Congress paid much serious attention to the Intelligence Community as a community or to the DCI as head of that Community. CIA existed in some isolation, certainly in comparison with today, from its partners in the intelligence process and tended to see itself as an elite organization somewhat aloof from others in the Community. At the same time, until relatively recently, CIA functioned in a highly decentralized way with real operating authority largely delegated to the four line Deputy Directors and with DCIs who selected those issues of interest to them and pursued them inside and outside the Agency but who generally did not consider themselves as managers of the whole of CIA.

Both of these characteristics of CIA during this period flourished because the President, the Congress, and the public had relatively low levels of interest in CIA and because the Agency's goals and methods, to the extent they were understood, enjoyed wide public and Government support.

During the late 1960s and early 1970s a number of developments began to call into question these relatively well established patterns. Growing public disaffection over the U.S. Government role in Southeast Asia and the Agency's prominent part in it promised eventually to create an atmosphere of massive public mistrust of Governmental decisions made in secret and to call into question much that CIA did. Watergate clearly contributed to public perceptions about the need for secrecy in Government and raised troubling questions for many components of the Intelligence Community who were sometimes accused of operating secretly only to conceal embarrassing mistakes. In that explosive atmosphere a New York Times story on alleged abuses by CIA during the 1960s generated a very vigorous move by both houses of the Congress to examine in great detail what had previously been largely ignored or accepted in many cases (though not always) as normal and acceptable.

In retrospect, another important development occurred during this period and continues to affect us very much today: the 1971 study of the Intelligence Community carried out at OMB by Jim Schlesinger, later to become DCI. Broadly, the study asserted that the Director should be an effective head of the whole Intelligence Community and argued that the lack of leadership within the Community had produced a serious management problem which needed attention. Dr. Schlesinger observed that the lack of leadership over the whole

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Community and the relative insularity of the various components of the Community led to duplication of effort and waste, and lowered the quality of the product. Dr. Schlesinger recommended the creation of the Intelligence Community Staff and broader involvement of the DCI in the Community resource review function.

Public attitudes arising from the U.S. Government's conduct of the Vietnam War, the Watergate situation, critical internal Executive Branch looks at Intelligence Community management, and the investigations by Congress--far from assuring the public and the nation's leadership that intelligence was effectively managed and under adequate oversight review--have so far led instead to continuing examination of the problem. Today it seems clear that the Executive Order issued by President Ford last year, a serious effort to establish workable mechanisms to cope with many of the problems identified in recent years, was only an interim step in the further definition and solution of a larger problem.

Working within the existing framework of legal authorities which give the Department of Defense legal responsibility for the conduct of some 80 percent of the Intelligence Community program (in budget terms) and the Director of Central Intelligence direct authority for only 20 percent of the program, Executive Order 11905 further codified the broad consensus which has emerged in recent years that someone should be in charge of the Intelligence Community, and that "that" someone was the DCI. On the other hand, because existing authorities did not permit giving legal authority for all aspects of the Community to the DCI, the framers of the Executive Order adopted a collegial management arrangement in which the Director would attempt to control the budget process as a first among equals, and the White House itself would assume some responsibility for the control of possible impropriety through the establishment of an Intelligence Oversight Board.

In assigning more and more responsibility to the DCI for Community management, however, both the Schlesinger report and the Executive Order made it more and more difficult for the DCI to function as the head of CIA. The Executive Order implicitly recognized this when it stated that the Deputy Director of Central Intelligence should be responsible for the day-to-day management of CIA.

Pushed towards responsibility for the whole Community, but lacking the legal authority to assume that responsibility and very mindful of strong Presidential and Congressional desires that they assume leadership, Directors have taken advantage of such mechanisms as are available to them to lead without a clear basis

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in statutory authority for doing so. This has caused difficulty within CIA, where there is a widely-held perception that recent DCIs have bent over backwards to cooperate with other elements of the Intelligence Community, sometimes at the expense of CIA, in order to preserve their ability to carry out their Community leadership role. Within existing legal authorities, it is easy to see why this perception would exist. Many are aware that the fabric which knits together the Intelligence Community is extremely frail, that it depends heavily on personal not institutional arrangements and authorities, and that serious problems which pit one component of the Community against another must be avoided at any reasonable cost in order to preserve the fabric of the Community and the DCI's ability to function as its leader.

There is another problem which was caused by the collegial arrangements created by the Executive Order. As the CFI (now the PRC) has evolved, it is increasingly clear to many members of the Intelligence Community that individual components need to take steps to help insure that the PRC principals are adequately informed in detail on the issues presented. This has produced pressures on individual Community components, like CIA, to inform a wider audience than ever before of the need for decisions on programs which go to the PRC for approval and--in effect--to be as responsive as possible to demands for information in order to assure that the "right" decisions are made. Because it has been physically difficult to get busy PRC principals together for meetings--and because the more widely based the decision-making process becomes, the more necessary time-consuming prior coordination and information sharing becomes--there has been in the minds of many within CIA a general degradation of the quality, crispness, and security of the decision-making process.

Similarly, increasing outside demands for information about the Intelligence Community and CIA have created internal pressures for centralization of certain kinds of decision making, certainly in the Community as a whole, but also within CIA. As people outside the Community ask increasingly informed and penetrating questions about individual programs which relate or appear to relate to other parts of the Intelligence Community, there is an increasing need for centralization of decision making to insure that the Community has properly coordinated itself before it is subject to such probing. Similarly, within CIA historic decentralized patterns of management have been changing rapidly to accommodate to these outside pressures.



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needed. Thus, searching outside questioning is forcing centralized consideration of many problems. In the not too distant past, this was only rarely required and hence all too often not pursued.

While the Executive Branch and the Congress were in effect telling the Director to assume more and more responsibility within the Community but failing to give him the necessary authority to do so; Congressional interest, growing out of the investigations, in control and oversight has been working simultaneously to enhance accountability not only over CIA but over other parts of the Community as well. As this process has broadened and deepened, however, CIA has perceived its past flexibility--the very thing which made it different and better in the eyes of its own employees--as diminished.

In recognizing that the DCI was becoming more and more a Community creature and less and less a Director of CIA, the Executive Order wisely noted that the Deputy Director should assume the CIA leadership role. However, the DDCI is the only "program manager" within the Intelligence Community who works directly for the DCI. Because of this unique relationship, it is awkward for him to push aggressively for the interests of CIA during a jurisdictional or resource allocation dispute with another "program manager." The DDCI, therefore, is different from other managers who can exercise lesser restraint and who have another appeal route through their line command organizations. The problem becomes particularly acute when the DDCI is aware that in pushing his own Agency's interests he may put the Director in a position which threatens the frail arrangements he has for coordination in the entire Community. This problem is but a symptom of the larger management problem referred to, namely, the Director's lack of authority over the entire Community to cope with the responsibilities which others expect him to carry out.

In sum then, for a variety of reasons, as many have demanded that the DCI assume a larger Community role, the arrangements under which he has been forced to do so have made it increasingly difficult for CIA. This should not be construed as an argument for a return to the halcyon days of the 1960s. It seems clear enough that the demands for leadership of the Community require attention instead to a firmer articulation in law of the Director's responsibilities and authorities for the whole Community or a substantial part of it.

The DCI - Powers and Responsibilities

DCI responsibilities within the Community now appear to fall into two categories; those for which he has adequate real authority

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accepted by most in the Intelligence Community and those for which he does not. Basically, we believe the DCI has adequate authority or status to fulfill the following responsibilities:

- Advisor to the President and the NSC;
- Collation and production of national level intelligence for civilian and military needs;
- Covert action;
- Control of intelligence related liaison with foreign governments, and protection of sources and methods, (within CIA, though probably not in the Community as a whole).

At the present time we believe the DCI lacks the necessary authority to carry out these responsibilities well:

- Management of intelligence community resources;
- Warning and crises reporting;
- Coordination of counterintelligence activities;
- Representation of the Intelligence Community before Congress;
- Coordination of Community collection resources;
- Requirements and collection guidance direction for the Community;
- Evaluation of the effectiveness of national intelligence programs and ensuring that intelligence activities are compatible with our democratic system and policy objectives.

The nation and the Intelligence Community have lived with this situation for some time now and may be able to make do for some years while we wait for the evolutionary process to centralize the necessary enabling authority in the Office of the Director. Four separate but interrelated forces, however, appear to be working against the evolutionary process as a solution.

The pace of centralization in the Intelligence Community is being encouraged by advancing technology involving more complex

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opposing weapons systems, nuclear proliferation, near real time collection systems, and the increasing need for centralized integrated data processing techniques that are necessary to enhance our warning and crisis reporting. The growth of the Director's Community role is being accelerated by the desire of both Congress and the President to achieve Government efficiency through streamlining and reorganization, as well as post-Watergate legislative efforts to make the Intelligence Community more accountable to Congress and our democratic system. Finally, the diminishing availability of real dollars for intelligence purposes also argues persuasively for centralized management in order to ensure the most effective use of resources to meet the intelligence requirements of the consumer.

The DCI as the Intelligence Resources and Production Czar

There are basic variations in the organizational structure that would strengthen the DCI's role as the head of the Intelligence Community. The DCI, as the SSCI Bill suggests, could be given budgetary authority over all the Intelligence Community or major parts of it. This would mean that all funds would be allocated to the DCI for disbursement to the separate components of the Intelligence Community. The DCI would then have a strong resource tool that he could use to exert influence over the Intelligence Community. But what would the Community look like and, if this approach were pursued, in particular, what would happen to the DCI's position as the head of the Community?

To enhance his role as the President's Intelligence Resources Czar and principal foreign intelligence advisor, the DCI probably should move his office to a central location physically near the President. His status in the Community would be increased by proximity to the President and the move would further demonstrate that the role of the DCI was, in fact, changed. To assure others in the Community and elsewhere of his objectivity, it would also be necessary to separate the DCI from his line control over the CIA. Physically and logistically detached from CIA, however, the DCI would need either to take part of CIA with him or to create a new staff to assist him in carrying his dual role as the President's principal intelligence advisor and the Exchequer of the Intelligence Community. The latter function could be handled by the existing IC Staff organization though it would probably be reorganized somewhat to deal with its responsibilities in a new context. The more detailed the use of his budgetary authority, the larger the DCI's staff would have to be.

The staff he uses to support him in his role as the President's intelligence advisor would also be dependent upon the depth of his attention to the production process. The DCI may elect to use a small staff like that of the National Intelligence Officers to oversee the

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production of the important process of national intelligence and to provide substantive support for his Presidential advisory role. Alternatively, he could co-opt the entire Directorate of Intelligence and exercise direct control over the production mechanism, probably blending the NIOs into the DDI or vice versa to create an integrated national production unit. The DDI could report directly to the DCI but should probably continue to be physically housed at CIA Headquarters. Thus, under this arrangement, the DCI and the IC Staff would be located downtown while the DDI would remain in the CIA headquarters building. The DCI would exercise line control over the IC Staff and the DDI. CIA would be reconstituted as a new organization containing what is now the DDO, the DDS&T, and the DDA and would continue to report to the NSC for policy control and guidance. Similarly, the NRP and the CCP program managers would continue to report to the Secretary of Defense on all but resource matters.

The DCI would now have the organization and the statutory authority to advise the President and to control the financial resources of the Community. He still, however, faces some formidable problems.

While he exercises budget and fiscal control over the Community, he has line control only over the intelligence production component. The "collectors" report to different masters for command direction. Lack of line control over the major collectors would seem to limit the DCI's ability to make the collection mechanism more responsive to his national intelligence requirements and, in the last analysis, to focus the collection effort in support of the production process.

Our experience with the budgetary influence the DCI was able to exert over the Intelligence Community through the mechanism of the PRC has indicated that the purse string can be used effectively generally to influence or to coordinate national programs over a two or three-year period of time. By itself, however, the budgetary process is not sufficient to carry out all the basic responsibilities that we have listed above. For years, although OMB has had budgetary control over Government departments and agencies, it has not been able to use this power to exert the kind of direction over them OMB believes is desirable. The budgetary process can be used much more effectively negatively than it can positively. With this power you can exercise a slow veto over programs you wish to terminate but it is difficult to exercise bold initiatives or to explore new and imaginative programs solely through the control of funds in a long budget cycle. Instead a DCI needs to have the major collection systems immediately responsive to the requirements of his production organization. Over time it has become clear that some of these systems, particularly those in NSA, are in real life somewhat less

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than responsive to his requirements and that all of them can only be brought to respond through cumbersome, sometimes bewildering, and time-consuming collegial procedures. Moreover, the lack of central authority has meant that the case for the development of certain collection capabilities clearly needed to solve important analytic problems has not been effectively made either to Congress or to the OMB. [] the contemplated follow-on to [] is a particular case in point

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In summary, the DCI as Resources and Production Czar, measured against the yardstick of responsibilities vs. authorities, has significant problems. He does not have command authority over covert action programs, community collection resources and intelligence-related liaison with foreign governments. Thus, his ability to represent the Intelligence Community before Congress, to make collection systems more responsive to the national intelligence production process with the ultimate aim of improving the final product, and to ensure that intelligence activities are compatible with policy guidelines and our democratic system, appears to be handicapped. In fact, the DCI, even with vastly increased budget and fiscal authority, still cannot balance his responsibilities with enabling authorities. Separating the DCI from CIA, his sole power base, without giving him broader command powers could result in less coordination of collection activities and a larger gap between collection and production with a resulting diminution of our national intelligence product.

The DCI and A Fine Tuning Option

Before going on to an option that gives the DCI both line and budgetary command over the Intelligence Community, let us examine what could be done to change the status quo enough to improve the national intelligence product and to meet the desires of the President and the Congress. Some have suggested that the DCI could maintain control over CIA and use somewhat increased budgetary authority to manage the Intelligence Community. Depending upon the extent to which his present budgetary powers are increased, this option, from an internal CIA view, could be called "fine tuning." For example, the DCI could be given the budget preparation powers he now must exercise in a collegial context within the PRC. He could, under this arrangement prepare the entire budget of the Intelligence Community for submission to OMB and exercise reprogramming powers without the need for concurrence from State or DOD. This is a significant step short of the management responsibilities under the Czar option, as the DCI would not be responsible for administering the budget after Congress had acted to appropriate funds except in the area of reprogramming. This option increases the DCI's ability to use the budget tool to manage the

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Intelligence Community but falls short of enabling him to provide imaginative leadership over the Community, for the budget tool is too cumbersome a mechanism to use to stimulate the Community to develop imaginative and resourceful approaches to meet future demands for an improved intelligence product.

If we increase the DCI's budgetary authority, as stated in the SSCI Bill, we significantly increase his authority over the Intelligence Community, as he is now responsible for disbursing the funds allocated to him throughout the Community. Giving this power to a DCI who has also maintained his control over CIA goes far beyond what could be titled a "fine tuning" option. Moreover, it is doubtful that the rest of the Intelligence Community, irrespective of the extent of his budgetary authority, would readily accept a DCI as the head of the Community who had not separated himself from CIA.

Under this option the DCI would control the production of national intelligence and maintain his command over CIA and the Community's clandestine collection and covert action capability. He still would have difficulty, however, in representing the Intelligence Community before Congress and in directing the collection resources of the NRO and NSA. While his direct influence over the Intelligence Community would not be improved to the point that he is capable of meeting all his responsibilities, he would not lose the ground he would lose in the Czar option essentially because he could retain his direct control over CIA. Improvement in the responsiveness of collection agencies to the requirement of the national intelligence process, provision of an effective oversight authority for the Community, and an increase in efficiency from a more centralized management authority would have to await for a further development of the evolution process.

The DCI with Line and Budgetary Authority over National Programs

The Czar and "fine tuning" roles for the DCI outlined above, both in varying degrees, meet two tests of the DCI's requirement for sufficient authority to manage the Intelligence Community efficiently, and thereby improving the intelligence product. First, he would directly control the production and analysis of national intelligence. Secondly, he would have the budgetary authority that is an essential part of any management system. Neither of these two roles, however, give him the ability to integrate the collection and production elements of the Intelligence Community. It is difficult to see how the intelligence product can be significantly improved without the ability to orchestrate

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collection systems and production components. Budgetary powers are inherently not sufficient to direct the CCP and NRP. Reliance upon the DCI's personal relationship with national program managers as a management device when critical issues are at stake is not likely to prove any more effective in the future than it has in the past. Following this chain of reasoning leads to the conclusion that the DCI should have as much authority over the other two major national programs as he does over CIA.

If we emphasize the DCI's role as the President's substantive intelligence advisor, that in turn requires that the DCI have an independent intelligence production capability under his control, and the time to shape its output to meet presidential and other national requirements. Such a DCI cannot spend the bulk of his time either on management and resource problems or on fighting fires stirred up by the Congress, the press, and the Department of Justice.

A DCI with a relatively small staff could have under him three statutorily established separate agencies. Their directors would report to him and their budgets would be allocated to him. But under authority delegated by the DCI their directors would be responsible for the management and administration of their agencies. The Directorate for Intelligence would remain within the CIA for purposes of management and administration, but the Deputy Director for Intelligence would report directly to the DCI on substantive matters. Undoubtedly this arrangement would create some management difficulties for the new Director of CIA. Given line and budget control over CIA, CCP and the NRP, which use 80 percent of the dollars and 75 percent of the manpower, the DCI would be able to balance his ledger of responsibilities and authorities. The foreign intelligence units of the Community represented by State/INR, DIA, intelligence arms of the uniformed services, ERDA, FBI and Treasury fulfill important departmental needs. But their programs are small and little, if any, increases in either efficiency or monetary savings could be expected to accrue from centralized management. Thus we would not include these programs within the DCI's direct purview. In addition to the expected benefits to be gained from a unified command structure, DCI line and budgetary control over the national intelligence programs would meet the major concerns of the Congress and accomplish a balanced authority for the centralization and the accountability of the Intelligence Community without destroying the opportunity for dissent from departmental units.

Such a solution would create a DCI not overly burdened with management. He would have capabilities for intelligence production under his direct control and the authorities necessary to ensure that collection served those capabilities properly. It would preserve

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the integrity of CIA and the obvious benefits that flow therefrom. And, because in this first stage the NRP and CCP would remain separate, it would be reversible, either if the arrangement proved a failure or in the event of war. This last would make it at least marginally more palatable to the DOD. Moreover, it is a real change, and one that should satisfy the President's desire for centralized authority. It would not go as far toward efficient centralized management as the DCI's power would allow but the preservation of the unique qualities and strengths of CIA seem to us worth this cost. Overall, it would place relatively more weight on the DCI as substantive adviser to the President and relatively less on the DCI as administrator.

At a later stage, after the dust had settled and after the DOD was persuaded that the detachment of the CCP and NRP had been accomplished without reducing the intelligence support afforded to it, rationalization of the various collection capabilities under the DCI might be undertaken.

This option presents the greatest potential for a significant increase in the ability of the Intelligence Community to collect, analyze and disseminate national intelligence. It also contains the danger of leading to a considerable decrease in our present capability because of the possible weakening of CIA through the separation of the DCI. Which of these two diverging paths the future holds seems to be largely dependent upon the managerial ability of the DCI, the Director of CIA, and the organizational structure that they must work within. To begin with, some of the most troublesome problems of the past would no longer have any relevance. There would be no controversy over who produces national intelligence. Similarly, the argument that the DCI, whatever you call him, is still the Director of CIA first and foremost, would lose credibility as the Director of CIA and the program managers of the CCP and NRP would have the same leader. Disputes among these giants of the Community would have the same forum for argument, the same route for appeal and the same judge for decisions. CIA's special relationship with the DCI would no longer detract from the DCI's credibility in the Community as a dispenser of resources and an arbiter of disputes.

New Management Problems

Nevertheless, a very real jurisdictional conflict remains. The benefits of granting the DCI line command and budgetary control over such major parts of the Intelligence Community must be balanced by the immediate management problems that he would have as a result of his increased authority. Given time, good will and a pragmatic approach your new challenges appear manageable. First we should

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recognize that by giving you the authority over the national intelligence programs that is necessary to carry out your responsibilities, we have in turn increased the Secretary of Defense's concern that the tactical requirements of the Services will not receive adequate attention. This is an essential point and the very real concerns of DOD must be satisfied. Some of the collection capability of the CCP and NRP is tactical by any definition and it may be wise to transfer the clearly tactical portions of these national intelligence programs to the DOD. This could take place over a period of time to avoid the disruption that would be caused by an abrupt shift. Even with a DOD tactical intelligence collection capability and the best of intent, there would be areas of real disagreement between DOD and the DCI over what portion of national intelligence resources should be used to satisfy DOD requirements. The command relationship between the DCI and the NSC and the strong DOD position on the NSC should provide the Secretary and the Joint Chiefs with both an adequate appeal mechanism and a forum to bring pressure on the DCI to be more responsible. An NSC committee chaired by the President's Assistant for National Security Affairs with clear policy guidance jurisdiction over the DCI and his national foreign intelligence programs could lessen DOD concern on this issue. The war and peace resource control controversy is also an integral part of the DCI's inter-relationship with the Secretary of Defense. An arrangement that assured DOD that their wartime intelligence needs would be accommodated could also alleviate further their concern over the loss of DOD command control over CCP and NRP. Some parts of the General Defense Intelligence Program are concerned with strategic intelligence of national interest and could be examined on a case-by-case basis to see if they should be included under the DCI's authority over national intelligence programs.

Whatever shape the reorganization of the Intelligence Community takes and however the scope of your role is defined, the DCI should establish the capability to make significant internal realignments of national intelligence elements and committees under his command in the coming years.

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